



Biweekly Narrative Seafood Report (No: 6-2002):Korea

Prepared by Alaska State Trade Representative in Korea

May 30, 2002

1. Korea Economy Update

Economy to Grow Over 6% This Year: Quite a few foreign and Korean economic research institutes and investment banks have graded up their forecasts for Korea's economic growth this year to the 6 percent level from the earlier 5 percent.

JP Morgan, a United States investment bank, recently raised its economic growth forecast by 0.6-percentage point from 5.9 percent to 6.5 percent. The US bank said that it hiked the growth projection for Korea as the country recorded a 5.7 percent growth in the gross domestic product (GDP) in the first quarter this year, thanks to the robust private consumption and construction market.

Lehman Brothers and Salomon Smith Barney have already graded up their projections for the economic growth for Korea to 6 percent and 6.5 percent each.

Domestic research organizations and securities firms have been hiking their forecasts for the GDP growth. Hyundai Securities and Samsung Economic Research Institute recently raised their forecast to the 6 percent level, while Hyundai Economic Research Institute and LG Economic Research Institute are likely to soon follow suit.

(Source: May 24, 2002, the Chosun Ilbo, Korea)

Korea ranks world's 13th largest economy in 2000: Korea retained its position as the world's 13th largest economy in 2000, with its nominal gross national income (GNI) reaching \$421.1 billion, the Bank of Korea (BOK) said yesterday. Korea's per-capita GNI stood at \$8,910, taking 54th place, the central bank said.

When measured in purchasing power parity (PPP) terms, Korea's GNI was tallied at \$818 billion in 2000, making the Korean economy the 13th biggest in the world, with the level of per-capita GNI totaling \$17,300, putting Korea in 46th spot.

The BOK summarized the "World Development Indicators 2002" compiled by the World Bank.

The No.1 position in terms of economic size was occupied by the U.S. with a GNI of \$9.601 trillion in 2000, followed by Japan with \$4.519 trillion and Germany with \$2.637 trillion. China ranked 7th with 1.063 trillion.

When measured in PPP terms, China's position was second with a GNI of \$4.951 trillion, relegating Japan to third place.

Korea's GNI figure in 2000 was 4.4 percent of the U.S.'s and 9.3 percent of Japan's.

Luxemburg came in first with per-capita GNI of \$42,060, followed by Liechtenstein and Switzerland (\$38,140). Japan's per-capita GNI was fifth with \$35,620, with the U.S. ranking 7th at \$34,100.

When measured in PPP terms, Japan's per-capita GNI was relegated to 12th place, however, while the U.S. ranking rose to third place.

Meanwhile, the income gap between rich and poor countries expanded further in 2000, according to the World Bank report.

High-income countries, which account for around 15 percent of the world's population, accounted for 79.8 percent of the world's income, up slightly from 79 percent a year earlier.

The average per-capita GNI in 2000 totaled \$5,170, rising \$150 or 3 percent from a year earlier, according to the bank's report.

Per-capita income in high-income countries rose 4.7 percent to \$27,680, with that of low-income nations down 4.2 percent at \$410.

Meanwhile, purchasing power parity (PPP) is a theory of exchange rate determination and a means of comparing the average costs of goods and services between countries.

The theory assumes that the actions of importers and exporters, motivated by cross-country price differences, induce changes in the spot exchange rate. It is based on an extension and variation of the "law of one price" as applied to the aggregate economy.

(Source: May 28, 2002, the Korea Herald, Korea)

Won Hits 17-Month High of 1,233.8 Against Dollar: The Korean won increased in strength against the U.S. dollar yesterday, breaking through the 1,240 won level for the first time in 17 months.

The local currency closed at 1,233.8 won against the greenback yesterday, up 9.40 won from the previous close.

It is the highest figure in 17 months since hitting 1,227.9 on Dec. 21 in 2000. The value of the won has jumped 6.5 percent, or 79.50 won against the dollar compared with the 1,313.5 won at the end of last year.

“The won gained ground as supply of the dollar increased after local exporters exchanged foreign currency holdings ahead of the end of the month,” said Kim Do-won, an official at the Bank of Korea.

“Also, widespread sentiment that the won-dollar exchange rate will further slide has contributed to the won's appreciation,” he added. “The Korean monetary unit is likely to continue its gains for the time being unless the dollar rebounds against the Japanese yen.”

Opening lower at 1,242.50 won, the won soared to 1,238.60 won as of 10:27 a.m., down slightly from Friday's close. During the afternoon session, the won hit an intra-day high of 1,233.4 won and finished the day at 1,233.8 won.

Deputy Prime Minister Jeon Yun-churl said yesterday that although recent appreciation of the won reflects the fundamental strengths of the economy, the current pace of the won's rise is creating fears of a possible dent to the nation's exports, and he added that the government will take appropriate measures if necessary.

In order to tackle the won's further rise on the greenback, the finance ministry is reviewing a plan to ask state-run companies to buy dollars earlier than planned for the repayment of foreign loans.

In the Tokyo currency market yesterday, the yen weakened to 124.89 yen against the greenback, down 0.21 yen from the previous close.

(Source: May 27, 2002, the Korea Times, Korea)

2. Fisheries News in Korea

Invitation on Open Bid:

- Item: frozen Alaska Pollock
- Quantity: 2,000 tons
- Application for Bid: 1st bidding by 15:00, June 27, 2002
2nd bidding by 14:00, July 9, 2002
- For details, please contact Trading Team of National Federation of Fisheries Cooperatives in Korea (82-2-2240-2435/6)

(Source: May 13, 2002, the Korea Fisheries Times, Korea)

Status of Fisheries Stock in Korea:

(Unit: ton)

Species	April 30, 2002	April 30, 2001
Mackerel (edible)	42,215	15,725
Alaska Pollock	59,003	24,555
Yellow Corvina	25,631	32,305
Hair Tail	33,261	15,216
Squid	58,360	61,908
Flounder	3,494	754
Pacific Cod	7,590	1,598
Atka Mackerel	8,919	526
Skate	1,616	2,682

(Source: May 13, 2002, the Korea Fisheries Times, Korea)

3. Weekly Trend of Wholesale Fisheries Market in Korea

1) Noryangjin Wholesale Fisheries Market: May 1 – 7, 2002

While the sales of most fish including fresh fish for sashimi were slow, the prices for shellfish remained the same as the previous period:

- “ Live small halibut: wild – daily supply of 1 ton / price - W 20,000 per kg
- “ Live Mulletts: daily supply of 5 – 6 tons / price – W 3,000 per kg
- “ Fresh saury mackerel from local East Sea: daily supply of 1.2 tons
price -W 10,000 per kg
- “ Live blue crab (local): daily supply of 1 ton / Price – W24,000 per kg(male)

2) Garakdong Wholesale Fisheries Market: April 30 – May 6, 2002

The prices for most species increased due to demand for stock rather than sales for actual consumption.

- ◆ Fresh mackerel (local): Price went up due to poor supply - W 29,300 per 10-kg box for medium
- ◆ Frozen mackerel (local): Price - W 28,000 per 10-kg box for medium
- ◆ Fresh oyster: W 6,800 per kg

(Source: May 13, 2002, the Korea Fisheries Times, Seoul, Korea)